

### REMARKS

Entry of this Amendment and reconsideration are respectfully requested in view of the amendments made to the claims and the remarks made herein.

The Office Action states that claims 1-16 are pending and stand rejected. The Office Action further states that claims 1-15 would be allowable if rewritten to overcome the rejection under 35 USC 112, second paragraph.

Claims 1, 4, 7, 8, 11, 14, 15 and 16 have been amended. No new matter has been added.

Claims 1-15 stand rejected under 35 USC 112, second paragraph as being indefinite for not providing proper antecedent basis for the element "the first high level of quantization" and "the second lower level of quantization."

Applicant wishes to thank the examiner for his observation regarding the form of the claims and has made amendments to the claims as suggested by the examiner.

Having amended the claims as suggested by the examiner, applicant submits that the reason for the examiner's rejection of the claims has been overcome and can no longer be sustained. Applicant respectfully requests entry of the amendment and allowance of the claims.

Claim 16 stands rejected under 35 USC 103(a) as being unpatentable over Stenger, of record, in view of Katata, of record.

Applicant respectfully disagrees with, and explicitly traverses, the reason for rejecting the claims. However, in order to advance the prosecution of this matter, applicant has amended claim 16 to more clearly state the invention. More specifically, claim 16 has been amended to recite "those 8 X 8 DCT blocks having less than a threshold of foreground pixel information at a second lower level of quantization.

As the applicant noted in the response to the prior Office Action, the combination of Stenger and Katata fails to use a threshold to determine whether to use a first or a second quantization level and the increased encoding of foreground information does not result in a decreased encoding of the background.

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Accordingly, claim 16 as amended is not rendered obvious by the cited references as Stenger and Katata for the same remarks made with regard to claims 1-15.

Having shown that the combination of Stenger and Katata fails to render obvious the present application, applicant submits that the reason for the rejection has been overcome and can no longer be sustained. Applicant respectfully requests entry of the amendment and allowance of the claim.

Claims 1-15 would be allowable if rewritten or amended to overcome the rejections under 35 USC 112, second paragraph.

Applicant appreciates the indication of allowable subject matter and has amended the claims as suggested by the examiner, as noted above.

Having amended 1, 4, 7, 8, 11, 14, and 15 to correct the typographical errors noted by the examiner, applicant submits that claims 1-15 reflect the examiner's indication of allowable subject matter. Accordingly, the amendments to the claims should be entered.

The claims, as amended, raise no new issues and no matter has been added to the claims that would require comparison with the prior art or any further review. Accordingly, pursuant to MPEP 714.13, applicant's amendments should only require a cursory review by the examiner. The amendment therefore should be entered without requiring a showing under 37 CFR 1.116(b).

With regard to claim 16, this claim has been amended to include subject matter similar to that recited in claim 15. Accordingly, the amendment to claims 16 should be entered without requiring a showing under 37 CFR 1.116(b).

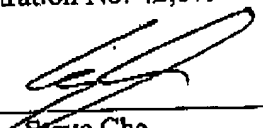
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For all the foregoing reasons, it is respectfully submitted that all the present claims are patentable in view of the cited references. A Notice of Allowance is respectfully requested.

Respectfully submitted,

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